

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
November 30, 2022

Alum Rock Multifamily, located at 1860 Alum Rock Avenue in San Jose, requested and is being recommended for a reservation of \$2,773,549 in annual federal tax credits and \$851,925 in total state tax credits to finance the new construction of 59 units of housing serving special needs and large family tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Charities Housing Development Corporation of Santa Clara County and will be located in Senate District 15 and Assembly District 27.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-22-618

Project Name Alum Rock Multifamily
 Site Address: 1860 Alum Rock Avenue
 San Jose, CA 95116 County: Santa Clara
 Census Tract: 5037.10

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,773,549	\$851,925
Recommended:	\$2,773,549	\$851,925

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Alum Rock, L.P.
 Contact: Marvel Ang
 Address: 1400 Parkmoor Avenue, Suite 190
 San Jose, CA 95126
 Phone: 408-550-8308
 Email: mang@charitieshousing.org
 General Partner: Alum Rock Charities LLC
 General Partner Type: Nonprofit
 Parent Company: Charities Housing Development Corporation of Santa Clara County
 Developer: Charities Housing Development Corporation of Santa Clara County
 Bond Issuer: City of San Jose
 Investor/Consultant: California Housing Partnership Corporation
 Management Agent: Charities Housing Development Corporation of Santa Clara County

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 60
 No. / % of Low Income Units: 59 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (26 Units - 44%)

Information

Housing Type: Special Needs
 Geographic Area: South and West Bay Region
 CTCAC Project Analyst: Ruben Barcelo

55-Year Use / Affordability

Aggregate Targeting	Number of Units	Percentage of Affordable Units
30% AMI:	30	51%
50% AMI:	29	49%

Unit Mix

10 SRO/Studio Units
19 1-Bedroom Units
16 2-Bedroom Units
15 3-Bedroom Units
60 Total Units

Unit Type & Number	2022 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
9 SRO/Studio	30%	\$884
17 1 Bedroom	30%	\$948
2 2 Bedrooms	30%	\$1,137
2 3 Bedrooms	30%	\$1,264
1 SRO/Studio	50%	\$1,474
2 1 Bedroom	50%	\$1,580
13 2 Bedrooms	50%	\$1,896
13 3 Bedrooms	50%	\$2,106
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$1,231,360
Construction Costs	\$38,050,704
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,913,787
Soft Cost Contingency	\$313,973
Relocation	\$335,000
Architectural/Engineering	\$1,923,481
Const. Interest, Perm. Financing	\$5,657,861
Legal Fees	\$165,000
Reserves	\$311,320
Other Costs	\$3,110,097
Developer Fee	\$5,000,000
Commercial Costs	\$0
Total	\$58,012,583

Residential

Construction Cost Per Square Foot:	\$578
Per Unit Cost:	\$966,876
True Cash Per Unit Cost*:	\$943,882

Construction Financing

Source	Amount
Bank of the West	\$29,468,877
County of Santa Clara	\$8,600,000
City of San Jose	\$7,283,983
General Partner Contribution	\$250,000
General Partner Equity	\$1,473,165
Impact Fee Waiver	\$352,839
Deferred Interest	\$463,716
Deferred Costs	\$2,471,101
Deferred Developer Fee	\$1,026,835
Tax Credit Equity	\$6,622,067

Permanent Financing

Source	Amount
Bank of the West	\$10,532,000
County of Santa Clara	\$8,600,000
City of San Jose	\$7,500,000
General Partner Contribution	\$250,000
General Partner Equity	\$1,473,165
Impact Fee Waiver	\$352,839
Deferred Interest	\$247,699
Deferred Developer Fee	\$1,026,835
Tax Credit Equity	\$28,030,045
TOTAL	\$58,012,583

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$53,337,475
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$69,338,718
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,773,549
Total State Credit:	\$851,925
Approved Developer Fee (in Project Cost & Eligible Basis):	\$5,000,000
Investor/Consultant:	California Housing Partnership Corporation
Federal Tax Credit Factor:	\$0.98359
State Tax Credit Factor:	\$0.88000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

The total land cost/acquisition cost of \$704,910 recorded in the sources and uses budget excludes the \$3,000,000 purchase price paid by the sponsor, Alum Rock L.P., when it acquired the site in April 2020. Prior to construction closing, the sponsor will transfer the land to the County of Santa Clara and will then enter into a long term ground lease with the County.

Staff noted a per unit development cost of \$943,882. The applicant indicated that this cost is attributable to costs associated with the project's infill location, Type I construction costs that include a first floor concrete podium and commercial space, rising construction loan interest rates, lingering effects of supply chain disruptions, labor shortages and requirements to pay prevailing wages.

The project will have project-based Section 8 vouchers for 26 units from the County of Santa Clara Housing Authority, as well as project-based Rapid Rehousing rental subsidy for 30 units from the County of Santa Clara.

Resyndication and Resyndication Transfer Event: None

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.